

MONTANA LEGISLATIVE HISTORY

Chapter 557 19 89

Bill H _____ S 406

Original bill & history X C

H. Committee on BUSINESS & ECON. DEVELOPMENT S. Committee on BUSINESS & INDUSTRY

Hearing Date(s) 3/7 X C
& EXEC. ACTION _____ C

Hearing Date(s) 2/17 X C
& EXEC. ACTION _____ C

_____ C

_____ C

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_____ C

Date Out _____ C

Did this bill originate in an interim committee? _____ Yes _____ No

Committee _____

Report _____

SENATE FINAL STATUS

PROVIDE FOR SATISFACTION OF JUDGMENT LIEN UPON
TERMINATION OF DEFAULTED CONTRACT FOR DEED
OR UPON SALE OF JUDGMENT DEBTOR'S PROPERTY

2/11 INTRODUCED
2/11 REFERRED TO JUDICIARY
2/15 HEARING
DIED IN COMMITTEE

SB 405 INTRODUCED BY DEVLIN, ET AL.
PROVIDE FOR WORKERS' COMPENSATION EMPLOYER AND
EMPLOYEE TAXES
BY REQUEST OF GOVERNOR

2/13 INTRODUCED
2/13 REFERRED TO LABOR & EMPLOYMENT RELATIONS
2/14 FISCAL NOTE REQUESTED
2/16 HEARING
2/17 COMMITTEE REPORT--BILL PASSED AS AMENDED
2/20 2ND READING PASSED 28 22
2/20 FISCAL NOTE RECEIVED
2/20 FISCAL NOTE PRINTED
2/21 3RD READING PASSED 27 23

TRANSMITTED TO HOUSE
2/22 REFERRED TO LABOR & EMPLOYMENT RELATIONS
3/21 HEARING
3/22 TABLED IN COMMITTEE

SB 406 INTRODUCED BY GAGE, ET AL.
ALLOW TELEVISIONING OF SIMULCAST RACES AT HORSE RACING
TRACKS; ALLOW BETTING

2/13 INTRODUCED
2/13 REFERRED TO BUSINESS & INDUSTRY
2/14 FISCAL NOTE REQUESTED
2/17 HEARING
2/17 COMMITTEE REPORT--BILL PASSED AS AMENDED
2/20 2ND READING PASSED 50 0
2/20 FISCAL NOTE RECEIVED
2/20 FISCAL NOTE PRINTED
2/21 3RD READING PASSED 40 10

TRANSMITTED TO HOUSE
2/22 REFERRED TO BUSINESS & ECONOMIC DEVELOPMENT
3/07 HEARING
3/07 COMMITTEE REPORT--BILL CONCURRED AS AMENDED
3/14 2ND READING CONCURRED AS AMENDED 73 22
3/16 3RD READING CONCURRED 67 29

RETURNED TO SENATE WITH AMENDMENTS
4/01 2ND READING AMENDMENTS CONCURRED 48 0
4/04 3RD READING AMENDMENTS CONCURRED 49 0

4/08 SIGNED BY PRESIDENT
4/08 SIGNED BY SPEAKER
4/10 TRANSMITTED TO GOVERNOR
4/15 SIGNED BY GOVERNOR
CHAPTER NUMBER 557 EFFECTIVE DATE: 4/15/89

SENATE FINAL STATUS

SB 407 INTRODUCED BY JACOBSON, ET AL.
GENERALLY REVISE THE LAWS RELATING TO EMERGENCY
MEDICAL CARE SERVICES
BY REQUEST OF DEPARTMENT OF HEALTH &
ENVIRONMENTAL SCIENCES

2/13 INTRODUCED
2/13 REFERRED TO PUBLIC HEALTH, WELFARE & SAFETY
2/17 HEARING
2/17 COMMITTEE REPORT--BILL PASSED AS AMENDED
2/20 2ND READING PASSED 50 0
2/21 3RD READING PASSED 48 2

TRANSMITTED TO HOUSE
2/22 REFERRED TO HUMAN SERVICES & AGING
3/13 HEARING
3/14 COMMITTEE REPORT--BILL CONCURRED
3/16 2ND READING CONCURRED 58 35
3/17 3RD READING CONCURRED 71 25

RETURNED TO SENATE
3/22 SIGNED BY PRESIDENT
3/23 SIGNED BY SPEAKER
3/27 TRANSMITTED TO GOVERNOR
3/30 SIGNED BY GOVERNOR
CHAPTER NUMBER 387
EFFECTIVE DATE: 01/01/90 (S1, 2, 4-20)
EFFECTIVE DATE: 03/30/89 (S3, 21)

SB 408 INTRODUCED BY VAN VALKENBURG, ET AL.
GENERAL TAX REFORM

2/13 INTRODUCED
2/13 REFERRED TO TAXATION
2/21 FISCAL NOTE REQUESTED
2/28 FISCAL NOTE RECEIVED
3/02 FISCAL NOTE PRINTED
3/08 HEARING
DIED IN COMMITTEE

SB 409 INTRODUCED BY GAGE
REVISE LICENSURE OF ACCOUNTANTS

2/13 INTRODUCED
2/13 REFERRED TO BUSINESS & INDUSTRY
2/15 HEARING
2/15 COMMITTEE REPORT--BILL PASSED
2/17 2ND READING PASSED 36 14
2/20 3RD READING PASSED 34 16

TRANSMITTED TO HOUSE
2/21 REFERRED TO STATE ADMINISTRATION
3/14 HEARING
3/14 COMMITTEE REPORT--BILL CONCURRED
3/16 2ND READING CONCURRED 82 9
3/17 3RD READING CONCURRED 85 11

RETURNED TO SENATE
3/22 SIGNED BY PRESIDENT
3/23 SIGNED BY SPEAKER

SENATE BILL NO. 406

INTRODUCED BY GAGE, MANNING, BENGTSON, LYNCH, NISBET,
PAVLOVICH, IVERSON, WILLIAMS, SPAETH, GILBERT, NORMAN

IN THE SENATE

FEBRUARY 13, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
	FIRST READING.
FEBRUARY 17, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
	STATEMENT OF INTENT ADOPTED.
FEBRUARY 20, 1989	PRINTING REPORT.
	SECOND READING, DO PASS.
	ENGROSSING REPORT.
FEBRUARY 21, 1989	THIRD READING, PASSED. AYES, 40; NOES, 10.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 22, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT.
	FIRST READING.
MARCH 7, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 10, 1989	PASS CONSIDERATION UNTIL 58TH LEGISLATIVE DAY.
MARCH 14, 1989	SECOND READING, CONCURRED IN AS AMENDED.
MARCH 16, 1989	THIRD READING, CONCURRED IN.

AYES, 67; NOES, 29.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 1, 1989

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 4, 1989

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *406*
 2 INTRODUCED BY *Rep. Richard Manning Livingston*
 3 *Asst. Dir. of Racing*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXPAND THE SCOPE AND
 5 NUMBER OF ALLOWABLE SIMULCAST HORSERACES AND SIMULCAST RACE
 6 MEETS UNDER THE PARIMUTUEL SYSTEM OF WAGERING; DELEGATING
 7 AUTHORITY TO THE BOARD OF HORSERACING TO LICENSE, APPROVE,
 8 AND REGULATE SIMULCAST HORSERACES AND RACE MEETS BROADCAST
 9 BOTH INTRASTATE AND INTERSTATE UNDER THE PARIMUTUEL SYSTEM
 10 AND TO APPROVE AND REGULATE FACILITIES FOR THE CONDUCT OF
 11 SIMULCAST RACES AT TRACKS AND AT SATELLITE FACILITIES WITHIN
 12 THE STATE; IMPOSING ON SIMULCAST RACES THE SAME REQUIREMENTS
 13 FOR SET-ASIDES, LIABILITY INSURANCE, AND DISTRIBUTION OF
 14 DEPOSITS AS THOSE FOR LIVE RACES; AMENDING SECTIONS
 15 23-4-101, 23-4-104, 23-4-105, 23-4-201 THROUGH 23-4-205,
 16 23-4-301, 23-4-302, AND 23-4-304, MCA; AND PROVIDING AN
 17 IMMEDIATE EFFECTIVE DATE."

18 STATEMENT OF INTENT

19
 20 A statement of intent is required for this bill because
 21 it delegates new rulemaking and licensing authority to the
 22 board of horseracing.

23 This bill will expand existing simulcast wagering and
 24 allow for regulated parimutuel wagering on simulcast races
 25 at satellite facilities year around. For this purpose, the

1 bill delegates authority to the board to adopt rules
 2 governing the time, conduct, and supervision of simulcast
 3 races and parimutuel betting with respect to simulcast
 4 races, as well as rules for licensing, approval, and
 5 regulation of simulcast facilities.

6 This bill authorizes the board to license simulcast
 7 facilities.

8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Section 23-4-101, MCA, is amended to read:

11 **"23-4-101. Definitions.** Unless the context requires
 12 otherwise, in this chapter, the following definitions apply:

13 (1) "Board" means the board of horseracing provided for
 14 in 2-15-1881.

15 (2) "Department" means the department of commerce
 16 provided for in Title 2, chapter 15, part 18.

17 (3) "Immediate family" means the spouse, parents,
 18 children, grandchildren, brothers, or sisters of an official
 19 or licensee regulated by this chapter and all other persons
 20 who have a permanent or continuous residence in the
 21 household of the official or licensee.

22 (4) "Minor" means a person under 18 years of age.

23 (5) "Persons" means individuals, firms, corporations,
 24 fair boards, and associations.

25 (6) "Race meet" means racing of registered horses where

the parimutuel system of wagering is used. The term includes simulcast races.

(7) "Simulcast" means a live broadcast of an actual horserace at the time it is run. The term includes races of local or national prominence.

(8) "Simulcast facility" means a facility at which horseraces are simulcast and wagering on the outcome is permitted under the parimutuel system.

~~(7)~~(9) "Steward" means an official hired by the department and by persons sponsoring a race meet to regulate and control the day-to-day conduct and operation of a sanctioned meet.

~~(8)~~(10) "Board of stewards" means a board composed of three stewards who supervise racing meets."

Section 2. Section 23-4-104, MCA, is amended to read:

"23-4-104. Duties of board. The board shall adopt rules to govern horserace meets and the parimutuel system. These rules shall include the following:

(1) definitions;

(2) auditing;

(3) supervision of the parimutuel system;

(4) corrupt practices;

(5) supervision, duties, and responsibilities of the executive secretary, presiding steward, racing secretary, and other racing officials;

(6) licensing of all personnel who have anything to do with the substantive operation of racing;

(7) the establishment of dates for race meets and meetings in the best interests of breeding and racing in this state; and

(8) the veterinary practices and standards which must be observed in connection with race meets;

(9) absolute responsibility of trainers for the condition of horses, regardless of the acts of third parties;

(10) licensing or renewal of a license of a person whose license has been suspended by the board or another horseracing jurisdiction; and

(11) setting license fees commensurate with the cost of issuing a license;

(12) the time, conduct, and supervision of simulcast races and parimutuel betting on simulcast races; and

(13) licensing, approval, and regulation of simulcast facilities."

Section 3. Section 23-4-105, MCA, is amended to read:

"23-4-105. Authority of board. The board shall, subject to 37-1-101 and 37-1-121, license and regulate horseracing and review race meets held in this state under this chapter. If the board decides to authorize new forms of racing, including new forms of simulcast racing, not currently

engaged in in Montana, it shall do so after holding public hearings to determine the effects of these forms of racing on the existing saddle racing program in Montana. The board should consider both economic and safety impacts on the existing racing and breeding industry."

Section 4. Section 23-4-201, MCA, is amended to read:

"23-4-201. Licenses. (1) It is unlawful for a person to hold a race meet, including simulcast race meets under the parimutuel system, in this state without a valid license issued by the department under this chapter. A person applying for a license to hold a race meet under this chapter shall file an application with the department which shall set forth the time, place, and number of days the license will continue and other information the board requires.

(2) A person who participates in a race meet shall be licensed and charged an annual fee set by the board, which shall be paid to the department and used for expenses of administering this chapter, subject to 37-1-101(6). Each person holding a license under this chapter shall comply with this chapter and with the rules adopted and orders issued by the board.

(3) ~~No~~ A license may not be issued to a person who has failed to pay the fees, taxes, or ~~moneys~~ money required under this chapter.

(4) Applications to hold race meets shall be submitted to the department, and the board shall act on the applications within 30 days. The board is the sole judge of whether the race meet may be licensed and the number of days the meet may continue.

(5) The board shall require that a fair board and an independent racing association conducting race meets meet the requirements of the rules adopted by the board before granting a license.

(6) A racing association consisting of a local fair board or an association approved by a local fair board may apply for a license to hold a simulcast race meet in a satellite facility.

~~(6)(7)~~ An unexpired license held by a person who violates this chapter or who fails to pay to the department the sums required under this chapter is subject to cancellation and revocation by the board."

Section 5. Section 23-4-202, MCA, is amended to read:

"23-4-202. Penalty for violations of law -- authority of board -- judicial review. (1) A person holding a race meet, or an owner, trainer, or jockey participating in a race meet, without first being licensed under this chapter, and a person violating this chapter is guilty of a misdemeanor.

(2) The board or, upon the board's authorization, the

board of stewards of a race meet at which they officiate may exclude from racecourses in this state a person whom the board considers detrimental to the best interest of racing as defined by rules of the board.

(3) As its own formal act or through an act of a board of stewards of a race meet, the board may suspend or revoke any license issued by the department to a licensee and assess a fine, not to exceed \$1,000, against a licensee who violates any of the provisions of this chapter or any rule or order of the board. In addition to the suspension or revocation and fine, the board may forbid application for relicensure for a 2-year period.

(4) The board shall promulgate rules implementing this chapter, including the right to a hearing for individuals against whom action is taken or proposed herein. The rules may include provisions for the following:

(a) summary imposition of penalty by the stewards of a race meet, including a fine and license suspension, subject to review under the contested case provisions of the Montana Administrative Procedure Act;

(b) stay of summary imposition of penalty by either the board or board of stewards;

(c) retention of purses pending final disposition of complaints, protests, or appeals of stewards' rulings;

(d) setting aside of up to 2% of exotic wagering on

racers, including simulcast races, to be used as a bonus for owners pursuant to 23-4-304(2), and up to 30% of the amount set aside may be used to defray administrative costs which shall be in addition to the 20% already withheld under 23-4-302;

(e) assessment of penalty and interest on the late payment of fines, which must be paid before licenses are reinstated; and

(f) definition of exotic forms of wagering on races to be allowed;

(g) standards for simulcast facilities; and

(h) conduct and supervision of simulcast races and parimutuel betting or wagering on simulcast races.

(5) The district court of the first judicial district of the state has exclusive jurisdiction for judicial review of cases arising under this chapter."

Section 6. Section 23-4-203, MCA, is amended to read:

"23-4-203. Race meets -- when lawful. It is lawful to conduct live or simulcast race meets at a racetrack or simulcast facility or otherwise at any time during the week."

Section 7. Section 23-4-204, MCA, is amended to read:

"23-4-204. Race exclusively for Montana-bred horses -- bonus for winner. (1) For the purpose of encouraging the breeding in this state of valuable registered horses, at

1 least one race each day at each race meet shall be limited
2 to horses bred in this state unless, in the board's
3 judgment, there is an insufficient number of Montana-bred
4 horses for such a race. If in the opinion of the board
5 sufficient competition cannot be had among this class of
6 horses, the race may be eliminated for the day and a
7 substitute race provided instead.

8 (2) A sum equal to 10% of the first money of every
9 purse won by a horse bred in this state shall be paid by the
10 licensee conducting the race meet to the breeder of the
11 horse. Only the money contributed by the licensee conducting
12 the race meet may be considered in computing the bonus.

13 (3) Two percent of exotic wagering on a simulcast race
14 shall be placed in a fund to be distributed by the board, in
15 addition to existing Montana breeders' awards, on a
16 percentage basis of actual breeders' awards earned.

17 (4) Up to 15% of the amount set aside for Montana
18 breeders' awards may be used to defray administrative costs
19 in addition to the 20% withheld under 23-4-302."

20 **Section 8.** Section 23-4-205, MCA, is amended to read:

21 "23-4-205. Public liability insurance. For the
22 protection of the public, exhibitors, and visitors, a person
23 licensed to conduct a race meet or operate a simulcast
24 facility under this chapter shall carry public liability
25 insurance in an amount and form of contract approved by the

1 board."

2 **Section 9.** Section 23-4-301, MCA, is amended to read:

3 "23-4-301. Parimutuel betting -- other betting illegal.

4 (1) It is unlawful to make, report, record, or register a
5 bet or wager on the result of a contest of speed, skill, or
6 endurance of an animal, whether the contest is held within
7 or outside of this state, except under this chapter.

8 (2) A licensee conducting a race meet under this
9 chapter may provide a place in the race meet grounds or
10 enclosure where the licensee may conduct or supervise the
11 use of the parimutuel system by patrons on the result of the
12 races conducted under this chapter and the rules of the
13 board.

14 (3) A person licensed under this chapter to hold a race
15 meet may, on the day a race meet is conducted, also provide
16 a place in the race meet grounds or enclosure simulcast
17 facility where the licensee may conduct or supervise the use
18 of the parimutuel system by patrons on the results of the
19 following simulcast or-televvised races:

20 {a)--the-Kentucky-derby;

21 {b)--the-Preakness;

22 {c)--the-Belmont;

23 {d)--the-Travers;

24 {e)--the-all-American-futurity;

25 {f)--the-Arlington-million;-and

~~(g)--the-Mariboro-cup-~~

approved by the board. The board shall approve only intrastate races and races of local or national prominence to the Montana racing season. However, the board has authority to approve races from other states during the off-season.

(4) It is unlawful to conduct pool selling, or bookmaking, or to circulate handbooks or to bet or wager on a race of a licensed race meet, other than by the parimutuel system and in the race meet grounds or enclosure where the race is held, or to permit a minor to use the parimutuel system.

(5) Each licensee conducting a parimutuel system for an interstate simulcast race meet shall combine the parimutuel pools at a simulcast facility with those at the actual racing facility for the purpose of determining the odds and computing payoffs. The amount of the handle at the simulcast race meet must be combined with the amount of parimutuel handle at the live racing facility for the purposes of distribution of money derived from parimutuel betting under 23-4-302 and 23-4-304.

(6) Negotiated purse money from intrastate and interstate simulcast parimutuel handles at racing associations that do not conduct live racing will be pooled and distributed to all tracks conducting live racing, all

moneys to be distributed on a percent, based on each track's percent, of total annual on-track parimutuel handle."

Section 10. Section 23-4-302, MCA, is amended to read:

"23-4-302. Distribution of deposits -- breakage. (1)

Each licensee conducting the parimutuel system shall distribute all sums deposited in any pool to the winner thereof, less an amount which, in the case of exotic wagering on races, shall not exceed 22%, and in all other races, shall not exceed 20% of the total deposits plus the odd cents of all redistribution to be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10, known as "breakage".

(2) Each licensee conducting the parimutuel system for a simulcast race meet shall distribute to the winner of the race all sums deposited with the licensee in any pool for such simulcast race meet, less an amount which, in the case of exotic wagering on such races, shall not exceed 24%, and in all other such races, shall not exceed 20% of the total deposits plus the odd cents of all redistribution to be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10, known as "breakage".

(3) Each licensee conducting a parimutuel system for a simulcast race meet shall deduct 1% of its total parimutuel handle for the race meet facility and give it to the county treasurer or financial officer, who shall deposit it in the

1 county general fund. The money must be used to operate the
2 county fairgrounds."

3 **Section 11.** Section 23-4-304, MCA, is amended to read:

4 "23-4-304. Gross receipts -- department's percentage --
5 collection and allocation. (1) (a) The licensee shall pay to
6 the department 1% of the gross receipts of each day's
7 parimutuel betting at each race meet, which sums shall be
8 paid to the department within 5 days after receipt by the
9 licensee. At the end of each race meet the licensee shall
10 prepare a report to the department showing the amount of the
11 overpayments and underpayments. If the report shows the
12 underpayments to be in excess of the overpayments, the
13 balance shall be paid to the department. Money paid to the
14 department may be used for the expenses incurred in carrying
15 out this chapter. The licensee shall, at the same time, pay
16 to the department all sums collected under 23-4-202(4)(d) on
17 exotic wagering on races.

18 (b) Each licensed simulcast facility shall pay to the
19 department either 1% of the gross receipts of each day's
20 parimutuel betting at each race meet or the actual cost to
21 the board of regulating the simulcast race meet, whichever
22 is higher. The money must be paid to the department within
23 5 days after receipt of the money by the licensee. At the
24 end of each race meet the licensed simulcast facility shall
25 prepare a report to the department showing the amount of the

1 overpayments and underpayments. If the report shows the
2 underpayments to be in excess of the overpayments, the
3 balance must be paid to the department. Money paid to the
4 department must be deposited in an account in the state
5 special revenue fund and must be used for the administration
6 of this chapter. The licensed simulcast facility shall, at
7 the same time, pay to the department all sums collected
8 under 23-4-202(4)(d) on exotic wagering on races.

9 (2) At the end of the racing season, sums collected
10 under 23-4-202(4)(d) must be distributed by the department,
11 after first passing through the board's agency fund account,
12 to the licensed owners of those Montana-bred horses
13 finishing in the money at the meet from which the sums
14 derived. The owner's award must be calculated as follows:

15 (a) divide the total amount collected under
16 23-4-202(4)(d) by the total amount won by Montana-bred
17 horses;

18 (b) multiply the quotient derived under subsection
19 (2)(a) by the total amount of money won by each owner's
20 Montana-bred horses.

21 (3) For purposes of the owner's award under subsection
22 (2), "owner" means the individual, partnership, corporation,
23 person, or other entity that owns the horse at the time of
24 entry.

25 (4) Licensees may not consider the sums available under

1 23-4-202(4)(d) when establishing purses."

2 NEW SECTION. **Section 12.** Extension of authority. Any
3 existing authority to make rules on the subject of the
4 provisions of [this act] is extended to the provisions of
5 [this act].

6 NEW SECTION. **Section 13.** Effective date. [This act] is
7 effective on passage and approval.

-End-

STATE OF MONTANA FISCAL NOTE
Form BI 15
In compliance with a written request, there is hereby submitted a Fiscal Note for SB406, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

SB406 would expand the scope and number of allowable simulcast horseracing and simulcast race meets under the parimutuel system of wagering, delegating authority to the Board of Horseracing to license, approve and regulate meets broadcast and race facilities at tracks and satellite facilities; imposing on simulcast races the same requirements for set-asides, liability insurance and distribution of deposits as those for live races.

ASSUMPTIONS:

1. The total handle will be \$4,000,000 based on 100 simulcast race days times \$40,000 average handle derived from average of six facilities and feasibility of the area.
2. Exotic wagering will be 75% of the total handle, based on current percentages, or \$3,000,000.
3. The breeders bonus is 2% of the exotic wagering portion of the handle or \$60,000.
4. Likewise, the owners bonus is 2% of the exotic wagering portion of the handle or \$60,000.
5. The Board of Horseracing will receive \$67,000 more per year in parimutuel fees comprised of 1% of the total handle or \$40,000; plus 15% of the breeders bonus or \$9,000; and 30% of the owners bonus or \$18,000.
6. Licensing fees will increase by \$4,000 per annum based upon 12 facilities at \$100 each plus 280 licensees at \$10 each.
7. There will be 40 additional rule books sold at \$5 each for a total of \$200 per year.
8. Personal services expenses will increase by \$30,100 each year, including \$10,000 for office help to handle licensing and bonuses increased workload, \$15,000 for stewards on 100 simulcast race days and \$5,100 for additional stewards on 34 days when multiple races.
9. Operating expenses will increase by \$32,000 per year, including \$10,000 for contract auditors, \$11,000 for issuing warrants and administering the bonuses, \$7,000 travel and \$4,000 licensing forms and related expenses.
10. These assumptions result in a \$9,100 net increase each year in the board's state special revenue account.

Ray Shackelford

DATE 2/18/89

RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

Delwyn Gage

DATE 2/18/89

DELOWYN GAGE, PRIMARY SPONSOR

Fiscal Note for SB406, as introduced

FISCAL IMPACT:

Expenditures:

		FY90			FY91	
Dept. of Commerce	Current	Proposed		Current	Proposed	
Board of Horseracing	Law	Law	Difference	Law	Law	Difference
Personal Services	\$125,315	\$155,415	\$30,100	\$125,390	\$155,490	\$30,100
Operating & Capital	111,229	143,229	32,000	111,071	143,071	32,000
Total	\$236,544	\$298,644	\$62,100	\$236,461	\$298,561	\$62,100

Funding:

State Special Revenue						
Board Account	\$236,544	\$298,644	\$62,100	\$236,461	\$298,561	\$62,100

Revenues:

Licensing Fees	\$ 60,000	\$ 64,000	\$ 4,000	\$ 62,000	\$ 66,000	\$ 4,000
Parimutuel Fees	160,000	227,000	67,000	162,000	229,000	67,000
Books Fees	500	700	200	500	700	200
Violations	5,000	5,000	-0-	5,500	5,500	-0-
Total	\$225,500	\$296,700	\$71,200	\$230,000	\$301,200	\$71,200

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Local county facilities would receive 1% of the handle or \$40,000 per year. The remaining 19% withheld or \$760,000 would go to the facility, race track and horsemen with the amount to be negotiated between the three groups. Breeders of Montana-bred horses that win a race in Montana would receive \$51,000 in bonuses and owners of Montana-bred horses that earn money at Montana race tracks would receive \$42,000 in bonuses.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Increased revenue to Montana race tracks for purses and improvement of fairground facilities, as well as increased revenue to breeders and owners of Montana-bred horses would be ongoing.

MINUTES

MONTANA SENATE 51st LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND INDUSTRY

Call to Order: By Chairman Gene Thayer, on February 17, 1989, at 10:00 a.m. through 12:30 p.m., with an Executive Action Session at 1:30 p.m.

ROLL CALL

Members Present: Chairman Thayer, Vice Chairman Meyer, Senator Boylan, Senator Noble, Senator Williams, Senator Hager, Senator McLane, Senator Weeding, Senator Lynch

Members Excused: None

Members Absent: None

Staff Present: Mary McCue, Legislative Council

Announcements/Discussion: Chairman Thayer said we'll be 30 minutes on the first 2 bills, and the room is small, so those who are here for the last bills could leave and return in 1/2 hour if they wished.

HEARING ON SENATE BILL 443

Presentation and Opening Statement by Sponsor: Senator Stimatz, Senate District 35, stated that the original lottery legislation said regional. According to the Attorney General's opinion, we were not eligible to do multi-state lotteries. Senate Bill 443 will change that to multi-state, so that we can do across the U.S. On page 2, lines 4 and 5 is the only new language in the bill, and it deletes the word "regional". That gives us the authority to study and enter into agreements with other lottery states to offer lottery games. The technology has improved greatly, through the use of computers, that you don't have to just have a relationship with an adjacent state. This authority allows the lottery to study and pick the best group of states in which to promote lottery tickets.

List of Testifying Proponents and What Group They Represent:

Diana Dowling, Director of the Montana Lottery

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Diana Dowling stated they strongly support SB 443. She agrees with everything Senator Stimatz has said and is available for questions. This is a very important bill.

Questions From Committee Members: None

Closing by Sponsor: Senator Stimatz said HB 207, was a general lottery bill, and included the subject matter of SB 443. He asked the committee to pass this bill, and get it sent to the House so there would be a vehicle available, in the House, for getting the multi-state lottery, in case HB 207 had a problem. If HB 207 was accepted, and this bill wasn't needed, they could kill this bill in the House. He said this was necessary insurance.

DISPOSITION OF SENATE BILL 443

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Noble made a motion SB 443 DO PASS. Senator McLane seconded the motion. The motion Carried, with Senator Hager opposing.

HEARING ON SENATE BILL 406

Presentation and Opening Statement by Sponsor: Senator Gage, Senate District 5, passed out amendments, with a gray bill attached, which had the amendments worked into it. SB 406 dealt with allowing simulcast racing in the state of Montana. He said many people were not aware of the impact and degree in which Montana was involved both in racing and in breeding of animals in our state. He said this year was a celebration of 100 years, and part of that celebration was going to be centered around a horse named Spokane, a Montana bred horse that won the Kentucky Derby nearly 100 years ago. Several years ago we had Tom Chapman Day in the state of Montana. Tom was a jockey who was born and raised in Cut Bank, Montana, rode in the Kentucky Derby, and

the governor declared Kentucky Derby Day, Tom Chapman Day. He said there were Montana people speaking today who had competed, this year, in the richest day of racing in the world. He said they were Montanans, who owned a horse which ran in that race. The front page of the Thoroughbred Times was of Ala Sheba's picture, because his victory in 1988 made him racing's richest performer. He stated a part owner of that horse, was a lady who lived in Missoula. He said we had strong ties with racing, and SB 406 was an attempt to strengthen those ties, and strengthen the industry for both thoroughbred and quarter horse people and people involved in racing.

He said it was not an expansion of gambling, but was an expansion of an opportunity for additional funding to go into this industry. He said there was decent racing in the state but, it could grow and attract people to the state. Some of the races that did provide purses that were large enough to lure people into racing, and keep them in racing, were supported by a sale in Billings, Montana. The purchaser and the seller of the horse put money into a purse structure, for stake races that are run by horses that have gone through the sale. He termed the purse as horsemen's money. He said, this bill would allow for those, who participate in the parimutuel system, to contribute some to the purse structure. He said SB 406 was a good bill.

List of Testifying Proponents and What Group They Represent:

Ted Neuman - Great Falls Jockey Club
Al Bell - Great Falls Businessman, horse owner and breeder
Sid Erickson - President, Montana Thoroughbred Breeders Association
Al Goke - Vice President, Horsemen's Benevolent Protective Association
Tom Tucker - Director of Metra Park, Billings, Montana
Jay Belden - Track Manger, Great Falls, Montana
Gary Amundson - United Tote, Billings, Montana
Gary Koepplin - Department of Commerce, Board of Horse Racing

List of Testifying Opponents and What Group They Represent:

None

Testimony: Ted Neuman said we've heard much about increasing economic development and adding value to Montana's natural resources and production. In Montana

we seem to develop industries that are environmentally sound. The horse racing industry fits the bill in all those criteria. We add value by using oats, hay, barley and create employment with grooms, jockeys, gallop boys, veterinarians and farm suppliers. Just as advances in technology, and larger marketing areas are being promoted in agriculture, mining, the same thing is true in the horse racing industry.

If racing is to flourish we need to take advantage of new technology and ways to expand our market. This bill will promote the industry by encouraging more people to become part of the racing industry. Hopefully more people will become breeders and continue the racing programs we have.

The bill also gives some money to the local fair boards to help improve their racing facility. All the counties are strapped for revenue. One of the areas that fall to the budget ax rapidly is the fair grounds. This bill provides that 1% of the handle that comes from simulcasting will be used at the fair grounds to up-grade the grounds, and particularly the racing facility for the areas that do simulcasting. He urged support of SB 406, because it does support a home grown industry of horse breeding and racing that has a long tradition in Montana.

He handed Chairman Thayer a letter from Great Falls City Manager, Robert Stockwell, supporting SB 406. (Exhibit 2) He said Mr. Dale Mallum, Chairman of the Fair Board in Missoula County, wanted to testify today, but the inclement weather kept him home. He supports this legislation. He gave Chairman Thayer a letter from the Great Falls Jockey that supported this legislation. (Exhibit 3) He submitted for the record a fact sheet entitled "Why Montana needs simulcast racing and wagering". (Exhibit 4)

Al Bell said he and his wife Joyce were business people in Great Falls, and in addition to their trucking business, they bred and raced thoroughbred horses. He said they were here in support of SB 406 for the following reasons:

He said the thoroughbred and quarter horse industry was very important in Montana's economy. Using accepted impact factors, the 1988 racing season in Great Falls had an impact to the community, in excess of \$9,000,000. The industry employed many people, both on the track and at the breeding farms. He stated further impact upon the state was felt

through the consumption of hundreds of tons of hay, oats and other feeds.

He stated 1988 saw a major change in the industry through the implementation of inter track parimutuel. He said Montana must change with the industry. He said they could, and must, grow for the owners and breeders to continue to race in Montana. He said they currently raced out-of-state for the most part, and had mares foaled out-of-state because of better owners and breeders elsewhere. He said they had been fortunate enough this year, to have a two year old colt win the champion two year old of the year award in Washington. He said the colt was also eligible for the breeders cup, which had a million dollar purse and a 10 million dollar race card. He said the horse could have been a Montana bred horse, had the breeders and owners awards in this state been better. Simulcasting could and would improve Montana purses, and owners and breeders awards. He said, that as purses went up or down, sooner or later every other aspect of the industry would react in the same way. He said horse racing was the last sport to take advantage of television. He stated simulcasting would create a new source of revenue for an industry that desperately needed revitalized, and would allow more efficient use of the existing race track facilities and contribute to the overall economy in Montana. He said the revitalization should encourage the racing and breeding industry, and put it in a position for growth. He urged support of SB 406. (Exhibit 5)

Sid Erickson said he had been involved with horse breeding and racing for over 30 years, was a veterinarian, and had standing stallions commercially. He said it was apparent the revenue that could be generated by this bill, could become part of the breeding industry and was a much needed stimulus. His organization strongly supported this measure and he urged favorable consideration.

Al Goke said he was a horse owner, breeder, horse race participant, and was the First Vice President of the Horsemen's Benevolent Protective Assn. He served in a benevolent capacity and beyond that in negotiations between horsemen and track stewards to establish purse structure. He said the racing industry was hurting in the state, and even though his organization lacked unanimity, the majority supported simulcast as the only opportunity they were likely to have for increasing horse racing in the state.

Tom Tucker said the horse industry had come out with figures which showed Montana fifth in the number of horses registered in the United States, and second in the number of horses per capita in the United States. He said horses were a major industry in this state. He said the racing impact to the Billings economy last year was \$12,000,000, and that didn't reflect the trickle down effect to surrounding communities. He stated the racing industry needed some incentives to promote economic growth. (Exhibit 6)

Mr. Tucker submitted two letters supporting SB 406. One was from the Yellowstone County Commissioners, (Exhibit 7) and the second was from the Midland Horse Racing Association (Exhibit 8)

Jay Belden said, that before he had gone to Great Falls to manage their track, he had managed the track in Denver, Colorado last year. He said Colorado went through some of the same problems last year, and stated he had experience with simulcast wagering between tracks in that state, plus experience of bringing in races from out of state. The thing that impressed him most with SB 406 was that it protected what they had at the present time. Racing is a tough business and market place, specifically in Great Falls where their daily income had decreased 9% from the year before. He said that like all industries, they needed to diversify and look at the possibility within the industry for expansion. He said he thought a very important part of that expansion was contained in SB 406.

He said another specific problem they had across the United States, was the horse population. He said that as the cost of production had gone up, they hadn't met it with the purse structure and consequently, there was a shortage of horses. Stimulating the breeding industry, which this bill should do when it's carried out, will have a very positive impact on the industry in the state, thus the tracks will benefit and the fair grounds will benefit.

Gary Amundson said his company was a publicly held company, headquartered in Billings, and they were totally involved with the parimutuel industry of the United States and Canada. He said they provided wagering equipment for tracks. He said the business started in Montana, and employed over 500 full time employees in the United States and Canada. He said they supported the bill and thought it was good for the breeders and the tracks.

He said the states surrounding Montana, and two provinces in Canada had all installed a form of off track simulcast or it was presently in legislation. He said the industry's people in Montana needed to be in a competitive situation with other states. He stated this was not an unusual piece of legislation, as simulcasting was readily being accepted across the United States and Canada. He asked them to please support SB 406.

Questions From Committee Members: Senator Williams asked Al Goke if he testified that some people in the horse racing industry are against this legislation? Mr. Goke said that as he talked to many owners and breeders across the state they were not aware of the intricacies of simulcast. He said he had never seen overwhelming enthusiasm until people saw it operating and regulated, because they won't be certain if it's good or not. He said he thought they all realized that they must join the other states and get into simulcasting.

Senator Hager asked Mr. Amundson if simulcasting will prevent smaller tracks from having racing. He answered that the simulcasting situation the way it's set up in this bill may have the ability to perhaps help smaller meets more, percentage wise, than the larger meets of Great Falls and Billings? He gave the example of Miles City, who race 8 or 10 days over 4 weeks the entire year. They have the ability of being tied into a state network through the dark season, which is October through April. If they can contribute \$100 per race day on simulcasting, 2 per scheduled to go to their live meet when they race in April or May. He said that would give them the ability to receive \$15,000 to \$25,000. Which is probably more than the total amount of purse money they offer presently. He said stake racing is supported by subscriptions and nominations by owners. This will give the ability to have purses 2 to 3 times more than what they were the previous year.

Senator Williams asked, if the gambling bill is having so much opposition, why isn't this bill? He stated that in Dwight McKay's letter it said racing in Metra Park generates \$4,000,000. That four million comes from somewhere. If I vote for this, am I voting for gambling?

Mr. Neuman answered that this was a promotion of a Montana industry. He said he had visited with opponents to the gambling bill, before he came to the hearing, and he asked them if they were going to testify against this bill. He stated they had said no they wouldn't,

because Montana had a long tradition of supporting the horse racing industry.

Senator Noble asked what position the Board of Horse Racing had taken on this legislation? Gary Koepplin said the Board, at their last monthly meeting, went on record in support of simulcasting in Montana.

Chairman Thayer said that the gray bill was the bill being addressed, and it had the first sheet of amendments. He said there were some further clarifications that needed to be talked about when the bill was amended.

Mary McCue said that when she read the bill she realized that the word "satellite" was used in only one place and she wondered why that wasn't a part of the definition of a simulcast facility. She asked what a satellite facility was?

Gary Koepplin said your satellite facilities would be in the various towns around the state. If you look at the beginning of the bill, it talks about the satellite facilities at that point, and satellite simulcast is tied back into that.

Mary McCue asked for a definition of satellite facility in the definitions. Mr. Koepplin said he would add one in the definitions, and he stated the present amendments were just clarifying language. The intent of the bill was the same.

Closing by Sponsor: The sponsor had stated he was not reserving the right to close, so Chairman Thayer closed the hearing on Senate Bill 406.

DISPOSITION OF SENATE BILL 406

Discussion: Chairman Thayer asked Mary McCue to go over the amendments prepared by Greg Petesch. (Exhibit 21) She said the problem was on page 6, line 13 strike the word "satellite" and insert the word "simulcast" because the term satellite was a term never defined anywhere. She said we do not need the word "satellite" in this bill. That is just a technical amendment. Then there are several substantive amendments that she asked Mr. Koepplin to explain.

Mr. Koepplin explained that there were two very important amendments. On page 12, lines 14 and 15 following "distribute" strike the remainder of line 14 through "race" on line 15. The other important amendment is on

page 12, line 24 following the word "handle" strike "for the race meet" then insert "of the simulcast" following the word "the" strike the remainder of line 24 through "fund" on page 13 line 1 insert "local fair board" and following "operate" insert "or enhance". Then on to page 13, line 2 following "fairgrounds" insert "facility".

Mr. Koepplin also suggested, on page 11, line 14 strike "interstate" and insert "intrastate".

Amendments and Votes: Senator Meyer moved the Amendments to SB 406. Senator Weeding seconded the motion. Mary McCue asked for permission to eliminate the word "satellite" if it appeared elsewhere in the bill, and the committee authorized her discretion. The motion Carried Unanimously.

Recommendation and Vote: Senator Weeding made a motion SB 406 DO PASS AS AMENDED. Senator McLane seconded the motion. The motion Carried, with Senator Williams opposing.

HEARING ON SENATE BILL 449

Presentation and Opening Statement by Sponsor: Senator Tom Beck, Senate District 24, said SB 449 was an act to allow the Department of Justice to issue motor vehicle titles when an applicant could not prove vehicle ownership, if the applicant furnished the required bond and affidavit.

He said SB 449 would provide a method by which a person could obtain a title of a motor vehicle, even if they were unable to obtain the previous owner's title to effect the proper transfer of ownership.

Senator Beck stated that in 1988 the Department received 433 requests for titles for vehicles when the previous owner could not be located to obtain the title. In many cases there was no record of the vehicle in the state or in any other bureau. He said approximately 150 of the applicants had no proof of purchase and were required to obtain a court order before a title could be issued. He said the Department had issued 4/2 titles, either by a order of the court or, administratively, if the applicant had some sort of proof of ownership, such as a bill of sale or a cancelled check. He stated there were presently 361 applications still pending from 1988, 337 from 1987 and 202 from 1986.

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

DATE 2/17

51st LEGISLATIVE SESSION 1989

NAME	PRESENT	ABSENT	EXCUSED
<u>SENATOR DARRYL MEYER</u>	✓		
<u>SENATOR PAUL BOYLAN</u>	✓		
<u>SENATOR JERRY NOBLE</u>	✓		
<u>SENATOR BOB WILLIAMS</u>	✓		
<u>SENATOR TOM HAGER</u>	✓		
<u>SENATOR HARRY MC LANE</u>	✓		
<u>SENATOR CECIL WEEDING</u>	✓		
<u>SENATOR JOHN "J.D." LYNCH</u>	✓		
<u>SENATOR GENE THAYER</u>	✓		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

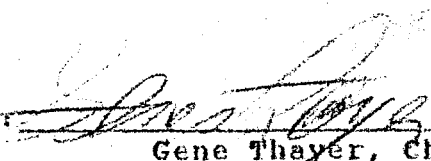
February 17, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration SB 406 (first reading copy -- white), respectfully report that SB 406 be amended and as so amended do pass:

(See attached)

AND AS AMENDED DO PASS

Signed: 

Gene Thayer, Chairman

SENATE STANDING COMMITTEE REPORT

February 17, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration SB 406 (first reading copy -- white), respectfully report that SB 406 be amended and as so amended do pass:

1. Title, line 11.
Following: "AND AT"
Strike: "SATELLITE"
Insert: "SIMULCAST"
2. Page 6, line 13.
Strike: "satellite"
Insert: "simulcast"
3. Page 11, line 3.
Following: "of"
Strike: "local or"
4. Page 11, line 14.
Strike: "interstate"
Insert: "intrastate"
5. Page 12, lines 14 and 15.
Following: "distribute"
Strike: remainder of line 14 through "race" on line 15
6. Page 12, line 24.
Following: "handle"
Strike: "for the race meet"
Insert: "of the simulcast"
Following: second "the"
Strike: remainder of line 24 through "fund" on page 13, line 1
Insert: "local fair board"
7. Page 13, line 1.
Following: "operate"
Insert: "or enhance"
8. Page 13, line 2.
Following: "fairgrounds"
Insert: "facility"

AND AS AMENDED DO PASS

Signed: Gene Thayer
Gene Thayer, Chairman

AMENDMENTS FOR SB 406

Page

Insert material, Page 8, line 19-20.

Following: "racetrack or"

Insert: "satellite"

Insert material, Page 9, Line 23.

Following: "meet or operate a"

Insert: "satellite"

Insert material, Page 10, Line 16.

Following: "or enclosure"

Insert: "satellite"

Strike material, Page 11, Line 3.

Following: "intrastate races and races of"

Strike: "local or"

Strike and replace material, Page 11, Line 13-14.

Following: "system for an"

Strike: "interstate"

Insert: "intrastate"

Insert material, Page 11, Line 15.

Following: "pools at a"

Insert: "satellite"

Strike material, Page 12, Line 14-15.

Following: "to the winner"

Strike: "of the race"

Strike and replace material, Page 12, Line 24.

Following: "handle"

Strike: "for the race meet"

Insert: "of the satellite simulcast"

Insert material, Page 12, Line 24.

Following: "give it to the"

Insert: "local"

Strike and replace material, Page 12, Line 24.

Following: "give it to the local"

Strike: remainder of line 24 through page 13, line 2

Insert: "fairboard, to be used, in addition to budgeted funds,
for operation or enhancement of fairgrounds facility."

Insert material, Page 13, Line 18.

Following: "(b) Each licensed"

Insert: "satellite".

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Section 1. Section 23-4-101, MCA, is amended to read:

"23-4-101. Definitions. Unless the context requires otherwise, in this chapter, the following definitions apply:

(1) "Board" means the board of horseracing provided for in 2-15-1881.

(2) "Department" means the department of commerce provided for in Title 2, chapter 15, part 18.

(3) "Immediate family" means the spouse, parent, children, grandchildren, brothers, or sisters of an official or licensee regulated by this chapter and all other persons who have a permanent or continuous residence in the household of the official or licensee.

(4) "Minor" means a person under 18 years of age.

(5) "Persons" means individuals, firms, corporations, fair boards, and associations.

(6) "Race meet" means racing of registered horses where the parimutuel system of wagering is used; and includes simulcast races.

(7) "Simulcast" means a live broadcast of an actual horse race at the time it is actually run, and includes races of local and national prominence.

(8) "Simulcast Facility" means a facility at which horse races are simulcast and wagering on the outcome is permitted under the parimutuel system. "

~~(7)~~ (9) "Steward" means an official hired by the department

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and by persons sponsoring a race meet to regulate and control the day-to-day conduct and operation of a sanctioned meet.

+8+ (10) "Board of stewards" means a board composed of three stewards who supervise racing meets.

Section 2. Section 23-4-104, MCA, is amended to read:

"23-4-104. Duties of Board. The board shall adopt rules to govern horserace meets and the parimutuel system. These rules shall include the following:

- (1) definitions;
- (2) auditing;
- (3) supervision of the parimutuel system;
- (4) corrupt practices;
- (5) supervision, duties, and responsibilities of the executive secretary, presiding steward, racing secretary, and other racing officials;
- (6) licensing of all personnel who have anything to do with the substantive operation of racing;
- (7) the establishment of dates for race meets and meetings in the best interests of breeding and racing in this state; and
- (8) the veterinary practices and standards which must be observed in connection with race meets;
- (9) absolute responsibility of trainers for the condition of horses, regardless of the acts of third parties;
- (10) licensing or renewal of a license of a person whose

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license has been suspended by the board or another horseracing jurisdiction; and

(11) setting license fees commensurate with the cost of issuing a license;

(12) the time, conduct and supervision of simulcast races and parimutuel betting on simulcast races; and

(13) licensing, approving and regulation of simulcast facilities. "

Section 3. Section 23-4-105, MCA, is amended to read:

"23-4-105. Authority of board. The board shall, subject to 37-1-101 and 37-1-121, license and regulate horseracing and review race meets held in this state under this chapter. If the board decides to authorize new forms of racing, including new forms of simulcast racing, not currently engaged in in Montana, it shall do so after holding public hearings to determine the effects of these forms of racing on the existing saddle racing program in Montana. The board should consider both economic and safety impacts on the existing racing and breeding industry."

Section 4. Section 23-4-201, MCA, is amended to read:

"23-4-201. License. (1) It is unlawful for a person to hold a race meet, including simulcast race meets under the parimutuel system, in this state without a valid license issued by the

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department under this chapter. A person applying for a license to hold a race meet under this chapter shall file an application with the department which shall set forth the time, place, and number of days the license will continue and other information the board requires.

(2) A person who participates in a race meet shall be licensed and charged an annual fee set by the board, which shall be paid to the department and used for expenses of administering this chapter, subject to 37-1-101 (6). Each person holding a license under this chapter shall comply with this chapter and with the rules adopted and orders issued by the board.

(3) No A license may not be issued to a person who has failed to pay the fees, taxes, or ~~moneys~~ money required under this chapter.

(4) Application to hold race meets shall be submitted to the department, and the board shall act on the applications within 30 days. The board is the sole judge of whether the race meet may be licensed and the number of days the meet may continue.

(5) The board shall require that a fair board and an independent racing association conducting race meets meet the requirements of the rules adopted by the board before granting a license.

(6) A racing association consisting of a local fair board or an association approved by that local fair board may apply for a license to hold a simulcast race meet in a satellite facility.

+6+ (7) An unexpired license held by a person who violates this chapter or who fails to pay to the department the sums

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required under this chapter is subject to cancellation and revocation by the board."

Section 5. Section 23-4-202, MCA, is amended to read:

"23-4-202. Penalty for violation of law - authority of board - judicial review. (1) A person holding a race meet, or an owner, trainer, or jockey participating in a race meet, without first being licensed under this chapter, and a person violating this chapter is guilty of a misdemeanor.

(2) The board or, upon the board's authorization, the board of stewards of a race meet at which they officiate may exclude from racecourses in this state a person whom the board considers detrimental to the best interest of racing as defined by rules of the board.

(3) As its own formal act or through an act of a board of stewards of a race meet, the board may suspend or revoke any license issued by the department to a licensee and assess a fine, not to exceed \$1,000, against a licensee who violates any of the provisions of this chapter or any rule or order of the board. In addition to the suspension or revocation and fine, the board may forbid application for relicensure for a 2-year period.

(4) The board shall promulgate rules implementing this chapter, including the right to a hearing for individuals against whom action is taken or proposed herein. The rules may include provisions for the following:

(a) summary imposition of penalty by the stewards of a race meet, including a fine and license suspension, subject to review under the contested case provisions of the Montana Administrative Procedure Act;

(b) stay of summary imposition of penalty by either the board or board of stewards;

(c) retention of purses pending final disposition of complaints, protests, or appeals of stewards' rulings;

(d) setting aside of up to 2% of exotic wagering on races, including simulcast races, to be used as a bonus for owners pursuant to 23-4-304 (2), and up to 30% of the amount set aside may be used to defray administrative costs which shall be in addition to the 20% already withheld under 23-4-302;

(e) assessment of penalty and interest on the late payment of fines, which must be paid before licenses are reinstated; and

(f) definition of exotic forms of wagering on races to be allowed; ;

(g) standards for simulcast facilities; and

(h) conduct and supervision of simulcast races and parimutuel betting or wagering on simulcast races. "

Section 6. Section 23-4-203, MCA, is amended to read:

"23-4-203. Race meets - when lawful. It is lawful to conduct live or simulcast race meets at a racetrack or SATFLLITE simulcast facility or otherwise at any time during the week."

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Section 7. Section 23-4-204, MCA, is amended to read:

"23-4-204. Race exclusively for Montana-bred horses - bonus for winner. (1) For the purpose of encouraging the breeding in this state of valuable registered horses, at least one race each day at each race meet shall be limited to horses bred in this state unless, in the board's judgement, there is an insufficient number of Montana-bred horses for such a race. If in the opinion of the board sufficient competition cannot be had among this class of horses, the race may be eliminated for the day and a substitute race provided instead.

(2) A sum equal to 10% of the first money of every purse won by a horse bred in this state shall be paid by the licensee conducting the race meet to the breeder of the horse. Only the money contributed by the licensee conducting the race meet may be considered in computing the bonus.

(3) 2% of exotic wagering on a simulcast race shall be placed in a fund to be distributed by the board, in addition to existing Montana breeders' awards, on a percentage basis of actual Montana breeders' awards earned.

(4) Up to 15% of the amount set aside for Montana breeder's awards may be used to defray administrative costs which shall be in addition to the 20% withheld under 23-4-302. "

Section 8. Section 23-4-205, MCA, is amended to read:

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"23-4-205. Public liability insurance. For the protection of the public exhibitors, and visitors, a person licensed to conduct a race meet or operate a SATELLITE simulcast facility under this chapter shall carry public liability insurance in an amount and form of contract approved by the board."

Section 9. Section 23-4-301, MCA, is amended to read:

"23-4-301. Parimutuel betting - other betting illegal. (1) It is unlawful to make, report, record, or register a bet or wager on the results of a contest of speed, skill, or endurance of an animal, whether the contest is held within or outside of this state, except under this chapter.

(2) a licensee conducting a race meet under this chapter may provide a place in the race meet grounds or enclosure where the licensee may conduct or supervise the use of the parimutuel system by patrons on the result of the races conducted under this chapter and the rules of the board.

(3) A person licensed under this chapter to hold a race meet may, on the day a race meet is conducted, also provide a place in the race meet grounds or enclosure SATELLITE simulcast facility, where the licensee may conduct or supervise the use of the parimutuel system by patrons on the results of the-following simulcast or-televised races:

(a)--the-Kentucky-derby;

(b)--the-Preakness;

- (c)--the-Belmont;
- (d)--the-Travers;
- (e)--the-all-American-futurity;
- (f)--the-Arlington-million;-and
- (g)--the-Marlboro-cup.

approved by the board. The board shall approve only intrastate races and races of local or national prominence to the Montana racing season. However, the board has the authority to approve races from other states during the off-season.

(4) It is unlawful to conduct pool selling, bookmaking, or to circulate handbooks or to bet or wager on a race of a licensed race meet, other than by parimutuel system and in the race meet grounds or enclosure where the race is held, or to permit a minor to use the parimutuel system.

(5) Each licensee conducting the parimutuel system for an interstate INTRASTATE simulcast race meet shall combine the parimutuel pools at a SATELLITE simulcast facility with those at the actual racing facility for the purpose of determining the odds and computing payoffs. The amount of the handle at the simulcast race meet shall be combined with the amount of parimutuel handle at the live racing facility for the purposes of applying take out formulas and distribution of money derived from parimutuel betting under 23-4-302 and 23-4-304.

(6) Negotiated purse money from intrastate and interstate simulcast parimutuel handles at racing associations that do not conduct live racing will be pooled and distributed to all tracks conducting live racing, all moneys to be distributed on

Ex. #1

2/17/85

a percent, based on each tracks percent of total annual on-track parimutuel handle. "

Section 10. Section 23-4-302, MCA, is amended to read:

"23-4-302. Distribution of deposits - breakage. (1) Each licensee conducting the parimutuel system shall distribute all sums deposited in any pool to the winner thereof, less an amount which, in the case of exotic wagering on races, shall not exceed 22%, and in all other races, shall not exceed 20% of the total deposits plus the odd cents of all redistribution to be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10, known as "breakage".

(2) Each licensee conducting the parimutuel system for a simulcast race meet shall distribute to the winner of the race all sums deposited with the licensee in any pool for such simulcast race meet, less an amount which, in the case of exotic wagering on such races, shall not exceed 24%, and in all other such races, shall not exceed 20% of the total deposits plus the odd cents of all redistribution to be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10, known as "breakage".

(3) Each licensee conducting the parimutuel system for a simulcast race meet shall deduct 1% of its total parimutuel handle for-the-race-meet OF THE SATELLITE SIMULCAST facility and give it to the LOCAL county-treasurer-or-financial-officer, who

2/17/89

~~shall-deposit-it-in-the-county-general-fund--The-money-must-be~~
~~used-to-operate-the-county-fairgrounds.~~ FAIRBOARD, TO BE USED, IN
ADDITION TO BUDGETED FUNDS, FOR OPERATION OR ENHANCEMENT OF
FAIRGROUNDS FACILITIES."

Section 11. Section 23-4-304, MCA, is amended to read:

"23-4-304. Gross receipts - department's percentage - collection and allocation. (1) (a) The licensee shall pay to the department 1% of the gross receipts of each day's parimutuel betting at each race meet, which sums shall be paid to the department within 5 days after receipt by the licensee. At the end of each race meet the licensee shall prepare a report to the department showing the amount of the overpayments and underpayments, the balance shows the underpayments to be in excess of the overpayments, the balance shall be paid to the department. Money paid to the department may be used for the expenses incurred in carrying out this chapter. The licensee shall, at the same time, pay to the department all sums collected under 23-4-202 (4) (d) on exotic wagering on races.

(1) (b) Each licensed SATELLITE simulcast facility shall pay to the department 1% of the gross receipts of each day's parimutuel betting at each race meet, or the actual cost to the board of regulating the simulcast race meet, whichever is higher, which sums shall be paid to the department within 5 days after receipt by the licensee. At the end of each race meet the licensed

2/17/89

simulcast facility shall prepare a report to the department showing the amount of the overpayments and underpayments. If the balance shows the underpayments to be in excess of the overpayments, the balance shall be paid to the department. Money paid to the department may be used for the expenses incurred in carrying out this chapter. The licensed simulcast facility shall, at the same time, pay to the department all sums collected under 23-4-202 (4) (d) on exotic wagering on races.

(2) At the end of the racing season, sums collected under 23-4-202(4)(d) must be distributed by the department,, after first passing through the board's agency fund account, to the licensed owners of those Montana-bred horses finishing in the money at the meet from which the sums derived. the Owner's award must be calculated as follows:

(a) divide the total amount collected under 23-4-202(4)(d) by the total amount won by Montana-bred horses;

(b) multiply the quotient derived under subsection (2)(a) by the total amount of money won by each owner's Montana-bred horses.

(3) For purposes of the owner's award under subsection (2), "owner" means the individual, partnership, corporation, person, or other entity that owns the horse at the time of entry.

(4) Licensees may not consider the sums available under 23-4-202(4)(d) when establishing purses."

Section 12. Extension of authority. Any existing authority

2/17/89

to make rules on the subject of the provisions of this act is extended to the provisions of this act.

Section 13. Effective date. This act is effective on passage and approval.

-End-



SENATE BILL NO. 406
EXHIBIT NO. 2
DATE 2/17/89
BILL NO. SB406

P.O. Box 5021, 59403-5021

Telephone 406 / 727-5881

February 16, 1989

Montana State Senate
State Capitol
Helena MT 59601

RE: Senate Bill 406

Dear Senators:

This letter is written in support of Senate Bill 406 expanding the scope and number of allowable simulcast horse races and simulcast race meets in Montana.

In Great Falls, the sport of horse racing is very popular and has a very significant impact on the economy. This impact covers the wide spectrum of services, especially in the areas of employment and agriculture.

Senate Bill 406 offers an opportunity for growth in the sport of horse racing. A number of states have already implemented these changes which resulted in significant financial boosts to their economy. Montana must keep abreast with the changes and developments in this industry in order to remain competitive and keep the revenues within the State of Montana. Failure to allow the horse racing industry to improve and expand at this time would be a serious mistake.

We urge your support of Senate Bill 406.

Sincerely,

Robert Stockwell
City Manager

gb



Great Falls Jockey Club

P.O. Box 932
Great Falls, Montana 59403

EXHIBIT NO. 3
DATE 2/17/89
BILL NO. SB 406

January 31, 1989

Mr. John McKenna
Office of the Lt. Governor
State Capitol Building
Helena, MT 59620

Dear Mr. McKenna,

The Great Falls Jockey Club is a support group for thoroughbred horse racing at State Fair. We are interested in supporting all aspects of the sport and industry, including, but not limited to the breeding of the horse, its training, an appreciation of its beauty in motion, handicapping the races, and to provide wholesome entertainment that pays its way, returns a profit to those involved, and further expands the tax base for city, county, and state government.

One way to meet the challenge of the above is to support the Simulcasting legislation now before the State Legislature. The success of this tested approach to increasing the handle at race tracks in other states provides optimism for Montana. The best horses competing in the best races attracts the betting dollar as quality matters in horse racing just as it does in other endeavors.

The Great Falls Jockey Club supports passage of the proposed legislation and your support, in turn, may assist in a favorable conclusion. In 1987, horse racing had a conservatively based 9 million dollar impact on the Great Falls economy and its total impact could well have been greater. Breeding farms, training centers, feed and tack stores, motels, restaurants, taverns, gas stations, retail clothing stores, and many other sectors of our economy all reap benefits from thoroughbred horse racing and we feel that passage of a simulcasting alternative will further stimulate and improve an appreciation for the exciting sport and industry already in our midst.

We certainly appreciate your consideration and support.

Sincerely,

Robert K. Doerk, Jr.
President

February 15, 1989

WHY MONTANA NEEDS SIMULCAST RACING AND WAGERING

Most pari-mutuel states are either inaugurating or expanding simulcast racing and wagering.

Simulcasting has proven to be highly effective in:

- expanding the racing fan base
- building wagering handle
- increasing purses to horsemen
- generating revenue for states and tracks.

California has a very extensive and successful simulcast wagering network based almost entirely on fairgrounds. A percentage of the gross handle stays with each fairgrounds satellite for fairgrounds capital improvements.

Other Western states presently simulcasting are: Washington, Oregon, Wyoming, South Dakota, Nebraska, Arizona, Colorado and the neighboring Canadian provinces of Alberta and Saskatchewan.

Kentucky and Louisiana implemented simulcasting in 1988.

Simulcast legislation is presently under consideration in Idaho, North Dakota, New Mexico, Minnesota and Michigan.

In late January, the Arkansas legislature enacted a simulcast bill.

Improved purses and facilities are the keys to revitalizing the Montana racing industry.

The Montana racing season lasts only five-plus months - from late April through early October. No industry revenues are generated during the six-plus dark months.

Simulcasting offers Montana racing a vehicle for year-round operation and a way to compete for the state's entertainment dollar with the lottery, casino and bingo industries.

Assume that simulcasting operations are established in Great Falls, Billings, Butte, Bozeman, Helena, Missoula, Miles City, Hamilton, Shelby and Kalispell and that the average daily handle statewide is \$80,000, or \$400,000 per week.

The statewide handle would total \$9,600,000 over a 24-week season. Historically, 75% of Montana's racing handle is in exotic pools and 25% straight.

The takeout as outlined in Senate Bill 406 would generate \$2,208,000 in revenue, based on \$7,200,000 of handle in exotic (two and three horse) bets and \$2,400,000 in win, place and show wagering, or straights.

It is estimated that 5 to 7 percent of the handle, or some \$500,000 would be retained by the Montana racing industry for purse and facilities improvements.

EXHIBIT NO. 5
a bill.
DATE 2/17/89
BILL NO. SB 406
DATE: 2-17-89

BILL NO. SB 406
DATE: 2-17-89

PHONE: 727-3055

APPEARING ON WHICH PROPOSAL; SB 406

DO YOU: SUPPORT? AMEND? OPPOSE?

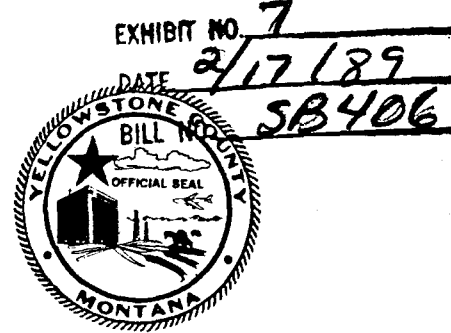
COMMENT :

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill) EXHIBIT NO. 6DATE 2/17/89NAME: Tom Tucker DATE: HILL NO 2/11/89 SB406ADDRESS: Box 2514, Metra Park, Billings, MT 59108PHONE: 406-259-2610REPRESENTING WHOM? Metra Park Race TrackAPPEARING ON WHICH PROPOSAL: # 406 (SENATE)DO YOU: SUPPORT? X AMEND? OPPOSE? COMMENT: PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

County of Yellowstone

COMMISSIONERS



(406) 256-2701

Box 35000
Billings, MT 59107

February 16, 1989

Chairman Gene Thayer
Business and Industry Committee
Capitol Station
Helena, MT 59620

RE: Senate Bill 406

Dear Chairman Thayer:

Historically, horse racing in the State of Montana has been a multi-million dollar industry. But in the past three years, the racing and breedings industries have seen hard times. Combined with the economic problems that face many Montanas as well as the added competition from expanded legalized gambling, race tracks and horsemen alike find it more difficult each year to participate in the horse racing industry.

Racing at the MetraPark facility, here in Billings, generates over \$4,000,000 for the local economy not to mention the millions of dollars invested in the breeding and raising of the racing animals. Simulcasting, which has added new life to many of the racing jurisdictions across the country, may be the answer to some of the financial problems facing this important industry.

The Yellowstone County Commissioners would like to go on record as supporting Senate Bill 406 in an effort to regenerate the racing and breeding industries in this State and continue this much needed business.

Sincerely yours,

Dwight MacKay - by GMB

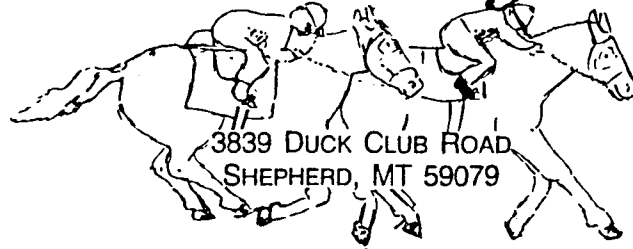
Dwight MacKay, Chairman
Board of County Commissioners
Yellowstone County, Montana

TT/pw

cc: Tom Tucker

(SB406)

Midland Horse Racing Association SB 406



February 16, 1989

Mr. Gene Thayer, Chairman
Montana State Senator
Business and Industry Committee
Helena, Montana

Dear Chairman Thayer,

Senate Bill Number 406, an act to expand the scope and numbers of allowable simulcast horse races, etc., is now before your committee and our organization urges a do pass recommendation.

Simulcast wagering is successful in most states with Pari-Mutuel wagering and will be implemented in Wyoming during 1989.

This bill has been implemented carefully by the horse racing industry, has its unanimous support, and will make a positive impact upon the Montana economy.

Thank you for consideration.

Sincerely ,
Midland Horse Racing Assn.

Lee Anderson, President

Lee Anderson

Bonnie DeWitt, Secretary

Bonnie DeWitt

(This sheet to be used by those testifying on a bill.)

EXHIBIT NO. 9

DATE 2/17/89

BILL NO. SB 406

NAME: Jay Belden DATE: 2-17-89

ADDRESS: Box 2093 Great Falls Mt

PHONE: 727 8900

REPRESENTING WHOM? State Fair - Great Falls

APPEARING ON WHICH PROPOSAL: Senate Bill 406

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)EXHIBIT NO. 10

DATE

2/17/89

BILL NO.

SB 406

NAME:

Gary Amundson

DATE:

2/17/89

ADDRESS:

2131 Constellation TrailBillings, MT 59105

PHONE:

406-373-5507

REPRESENTING WHOM?

United Tote

APPEARING ON WHICH PROPOSAL:

SB 406

DO YOU:

SUPPORT?

X

AMEND?

OPPOSE?

COMMENT:PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Amendments to Senate Bill No. 406
First Reading Copy

For the Committee on

Prepared by Greg Petesch
February 18, 1989

1. Title, line 11.
Following: "AND AT"
Strike: "SATELLITE"
Insert: "SIMULCAST"
2. Page 6, line 13.
Strike: "satellite"
Insert: "simulcast"
3. Page 11, line 3.
Following: "of"
Strike: "local or"
4. Page 11, line 14.
Strike: "interstate"
Insert: "intrastate"
5. Page 12, lines 14 and 15.
Following: "distribute"
Strike: remainder of line 14 through "race" on line 15
6. Page 12, line 24.
Following: "handle"
Strike: "for the race meet"
Insert: "of the simulcast"
Following: "the"
Strike: remainder of line 24 through "fund" on page 13 line 1
Insert: "local fair board"
Following: "operate"
Insert: "or enhance"
7. Page 13, line 2.
Following: "fairgrounds"
Insert: "facility"

DATE

2/17/89

COMMITTEE ON

Business & Industry

VISITORS' REGISTER

192

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppos
Justin M Farmer	Horse Owner	406	✓	
Bob Stephens		406	✓	
Robert Stephens Jr	Better	406	✓	
Barbara Cashman	Portage Meadow Stables	406	✓	
George Hall	" "	406	✓	
Laurie Shaban	Bozeman Chamber	428	✓	with amend
Mary Palmer	Citizen interest	428	✓	
MIKE MICORE	DEPT. LEISURE INDUSTRY	428	✓	
Bob Morawiec	Missoula Chamber	428	✓	
Diana Dowling	Lottery at request of Sen. Schatz	443	✓	
Bob Korman	Mont. Horse Dir	449	✓	
Ted NEUMANN	LEISURE INDUSTRY GREAT FALLS JOCKEY CLUB	406	✓	
AL G. Ke	Helena	406	✓	
SID ERICKSON	Mr Thoroughbred Breeder	406	✓	
GARY Koepplin	Board of Horse Racing	406		
Rob Spear	OLA	4113		
Jay Belden	State Fair	406	✓	
John Quinn	Mont. Park - Billings	406	✓	
Bob Bailey	EBI Orion	428	✓	WITH AMEND
Jacqueline Orrell	American Ind. Assoc.	428	x	with amdt
Ed Bell	Self as owner + breeder	406	✓	
Oppey Bell	Self as owner + breeder	406	✓	
James Nelson	Mr. Thoroughbred Breeder	406	✓	
Gary Amundson	United Tote	406	✓	
STEVE CHRISTIAN	SELF	406	✓	
James Middle	Horse owner	406	✓	

2/17/39

DATE 10/1/10
Business ☒ Industry ☐

२७/२

(Please leave prepared statement with Secretary)

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

HOUSE COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By Rep. Bob Pavlovich, on March 7, 1989, at 8:30
a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Paul Verdon and Sue Pennington

Announcements/Discussion: None

HEARING ON SENATE BILL 85

Presentation and Opening Statement by Sponsor:

Sen. Hims1 stated that this bill will extend the application of the bond validating act and provides an immediate effective date.

Testifying Proponents and Who They Represent:

None

Proponent Testimony:

None

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Sen. Hims1 said he closed.

HEARING ON SENATE BILL 323

Presentation and Opening Statement by Sponsor:

Sen. Vaughn stated that SB 323 will require the department

of health and environmental sciences to assess a late fee for delinquent license renewals for food establishments, hotels, motels, tourists homes, retirement homes, roominghouses, campgrounds, trailer courts, work camps, and youth camps, and provides a coordination instruction.

Testifying Proponents and Who They Represent:

James Peterson, DHES

Proponent Testimony:

See exhibit 1 for Mr. Peterson's written testimony.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Sen. Vaughn hoped the committee would give the bill a favorable vote.

HEARING ON SENATE BILL 406

Presentation and Opening Statement by Sponsor:

Sen. Gage said this bill will expand the scope and number of allowable simulcast horseraces and simulcast race meets under the parimutuel system of wagering; delegates authority to the board of horseracing to license, approve, and regulate simulcast horseraces and race meets broadcast both intrastate and interstate under the parimutuel system and to approve and regulate facilities for the conduct of simulcast races at tracks and at simulcast facilities within the state; it imposes on simulcast races the same requirements for set-asides, liability insurance, and distribution of deposits as those for live races; and it provides an immediate effective date.

Testifying Proponents and Who They Represent:

Ted Neuman, Great Falls Jockey Club
Al Bell, Great Falls
Bill Brown, Butte
John Shelhamer, Billings

Proponent Testimony:

Mr. Neuman said this bill will help broaden and improve horse racing in Montana and will help to improve the fair grounds of Montana.

Mr. Bell stated that he raises and races thoroughbred horses and this bill is important both to the racing industry and the overall economy of Montana.

Mr. Brown said simulcast will help horse racing in the state and hopes the committee will give the bill do pass.

See exhibit 1 for Mr. Shelhamer's testimony.

Sen. Manning spoke in favor of this bill. It will bring in tourists, money, and improve horse racing in Montana.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Sen. Gage said this bill will bring in more revenue for the state and improve horse raising and racing in Montana.

HEARING ON SENATE BILL 215

Presentation and Opening Statement by Sponsor:

Sen. Halligan said his bill is the employee ownership opportunity act. It extends business assistance programs to employee-owned enterprises; and exempts securities of employee-owned enterprises from securities registration.

Testifying Proponents and Who They Represent:

Bob Heffner, Department of Commerce
Rob Norwick, Missoula Chamber of Commerce

Proponent Testimony:

Mr. Heffner said the department would conduct seminars for employees considering the purchase of the business for which they work. They would actively teach people about the availability of the program. It doesn't force participation on any one.

Mr. Norwick said the chamber supports this bill and hopes the committee will give it a do pass.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: There were a few questions from the committee which Mr. Heffner answered.

Closing by Sponsor: Sen. Halligan said he had one amendment he would like made to the bill. He would like the effective date to be changed from October 1 to become effective immediately.

DISPOSITION OF SENATE BILL 85

Motion: Rep. Thomas moved BE CONCURRED IN.

Amendments, Discussion, and Votes: None

Recommendation and Vote: SB 85 BE CONCURRED IN unanimously.

DISPOSITION OF SENATE BILL 323

Motion: Rep. Hansen moved BE CONCURRED IN

Amendments, Discussion, and Votes: None

Recommendation and Vote: SB 323 BE CONCURRED IN unanimously.

DISPOSITION OF SENATE BILL 406

Motion: Rep. McCormick moved BE CONCURRED IN and moved the amendments.

Amendments, Discussion, and Votes: The amendment change is on page 9, line 18, strikes 15% and inserts 10%.

Recommendation and Vote: SB 406 BE CONCURRED IN unanimously.

DAILY ROLL CALL
BUSINESS & ECONOMIC DEVELOPMENT COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date 3 7 89

NAME	PRESENT	ABSENT	EXCUSED
PAVLOVICH, BOB	✓		
DeMARS, GENE	✓		
BACHINI, BOB	✓		
BLOTKAMP, ROB	✓ late		
HANSEN, STELLA JEAN	✓		
JOHNSON, JOHN	✓		
KILPATRICK, TOM	✓		
McCORMICK, LLOYD "MAC"	✓		
STEPPLER, DON	✓		
GLASER, BILL	✓ late		
KELLER, VERNON	✓		
NELSON, THOMAS	✓		
SIMON, BRUCE	✓		
SMITH, CLYDE	✓ late		
THOMAS, FRED	✓		
WALLIN, NORM	✓		
PAUL VERDON	✓		

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 3/7/89 BILL NO. SB 406 NUMBER

NAME	AYE	NAY
Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Steppler		
Fred Thomas		
Norm Wallin		

TALLY

16

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Rep McCormick moved to be
concurrent in as amended

Rep Iverson carry

STANDING COMMITTEE REPORT

March 7, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that SENATE BILL 406 (third reading copy - blue) be concurred in as amended.

Signed: _____
Robert Pavlovich, Chairman

[REP. IVERSON WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Page 9, line 18.
Strike: "15%"
Insert: "10%"

Amendments to Senate Bill No. 406
Third Reading Copy

For the Committee on Business and Economic Development

Prepared by Paul Verdon
March 7, 1989

1. Page 9, line 18.
Strike: "15%"
Insert: "10%"

3/7/6
#1

II. Economic Impact of the Equine Industry

- A. U.S. Horse industry is a \$15 Billion industry maintaining over 5.2 million horses as accounted for in the farm, manufacturing, and service sector of the economy.
- B. \$15 Billion is approximately:
 - 16% of GNP of the Agriculture Forestry and Fisheries section of U.S. Economy.
 - 83% of GNP of Textile Mill sector.
 - 65% of GNP of lumber and wood products sector.
 - Equals the combined output of the Tobacco and Leather products industries.
- C. As long as equine related expenditures grow at the same rate as other recreation expenditures every \$1 increase in personal income will lead to an increase in expenditures in the horse economy of \$1.20

III. States with similar legislation:

California, Pennsylvania, Wyoming, Washington, New Mexico, Colorado, Kentucky, Louisiana, Oregon, South Dakota, Illinois, Michigan, Nebraska and many more.

Bills pending in Idaho, North Dakota and Minnesota.

IV. Reasons for approving legislation:

- A. provide for increase in horse purses which will increase breeding stock expenditures.
- B. improve financial strength of existing tracks.
- C. provide source of reoccurring revenue which can be used to finance capital improvements for existing racing facilities.
- D. improve marketability of horse racing in general by focusing state wide attention on the industries super stars.
- E. limit the negative impact of Montana's climate and geography on our racing product.
- F. gives racing another marketing tool to compete against casino gambling and state lottery.

THE ECONOMIC IMPACT OF THE U.S. HORSE INDUSTRY

Executive Summary

Prepared for:
The American Horse Council

Submitted by
Policy Economics Group
of
Peat, Marwick, Mitchell & Co.

January, 1987





I. Summary

The United States horse industry is a \$15 billion industry. This money is spent by over three quarters of a million owners on maintaining over 5.2 million horses and other equines, and by spectators on attendance and wagering at equine events.

Because of the diversity of the industry in terms of breeds and uses, and because of the diversity of owners in terms of numbers of equines owned and expenditures on maintenance, the use of a single statistic or any other simple description would fail to do justice to this industry.

Such a diverse structure implies that horse ownership and the horse economy in general have widespread economic effects on the rest of the economy. Any increase or decrease in the \$15 billion expenditures would be felt in most regions of the country and in most sectors of the U.S. economy.

Because the \$15 billion is currently accounted for in the farm, manufacturing and service sectors of the economy, care must be exercised when making a comparison with any one sector or industry. With this caveat in mind, it is still possible to obtain a measure of the relative size of the U.S. horse industry. \$15 billion is approximately 16 percent of the gross national product of the Agriculture Forestry and Fisheries section of the U.S. economy. In comparison with specific sectors of the manufacturing sector, this industry is 83 percent of the gross national product of the textile mill products sector, and 65 percent of the lumber and wood products sector. It equals the combined output of the tobacco and leather products industries.

An alternative set of comparisons can be made with categories of personal consumption expenditure in the United States economy. In 1984, United States households spent \$166 billion on recreation. Of this total, \$9.4 billion was spent on admissions to



cinemas, theatres and sporting events. \$7.8 billion was spent on books and maps, and \$12.7 billion on magazines and newspapers. Participants at commercial amusements, which includes commercial riding establishments, spent \$14.2 billion.

Under standard national income accounting practices only the services of commercially owned equines are measured in the recreation sector. If, however, the imputed services of privately owned equines, as measured by maintenance expenditures, is used to measure the full recreational expenditure on horse-related activities, this sector would be the fourth largest category of personal consumption expenditure on recreation in the economy.

Although the size of the horse industry as measured by the equine population is not growing, the growth of the industry in value terms has been and is likely to continue to be large. Between 1982 and 1984 personal income in the United States rose by 16.6 percent while expenditures on recreation rose 20 percent. As long as equine related expenditures grow at the same rate as other recreation expenditures every \$1 increase in personal income will lead to an increase in expenditures in the horse economy of \$1.20.

The total economic contribution or GNP, by state or region, is reported in Table 1, State/Region GNP. This total includes the \$104 million GNP of the rodeo economy which could not be allocated on a state or regional basis.

Table 2 presents the economic count of the 17 equine classes used for this survey by 22 states or survey regions. This information is further summarized in Figure 1 and Figure 2 which present the breed and state distributions.



Table 1
American Horse Council National Equine Survey
U.S. Horse Industry
Gross National Product
1985
(millions of dollars)

REGION	TOTAL GNP
-----	-----
CALIFORNIA	1,903
COLORADO	343
FLORIDA	714
ILLINOIS	608
KENTUCKY	487
LOUISIANA	300
MICHIGAN	398
MINNESOTA*	181
MARYLAND	393
NEW JERSEY	589
NEW YORK	1,257
OHIO	557
OKLAHOMA*	233
PENNSYLVANIA*	614
TENNESSEE	228
TEXAS	1,013
VIRGINIA	331
WASHINGTON	441
PACIFIC MOUNTAIN	1,354
WEST CENTRAL	905
EASTERN	1,223
SOUTH CENTRAL	1,008
U.S. TOTAL	15,183

* Excludes racing due to disclosure problem
National total includes racing in these states, and rodeo GNP.

#2
SB406
3/7/39

SENATE BILL 406

A Bill for an act Entitled: "An act to expand the scope and number of allowable simulcast horseraces and simulcast race meets under the Parimutuel System of wagering; Delegating authority to the Board Of Horseracing to license, approve, and regulate simulcast horseraces and race meets broadcast both intrastate and interstate under the Parimutuel system and approve and regulate facilities for the conduct of simulcast races at tracks and at satellite facilities within the State; Imposing on simulcast races the same requirements for set-asides, liability insurance, and distribution of deposits as those for live races 23-4-101, 23-4-104, 23-4-105, 23-4-201 through 23-4-205, 23-4-301, 23-4-302, and 23-4-304, MCA; and providing an immediate effective date.

NAME AND ADDRESS	FOR	AGAINST
Emtalen 1516 5th Ave S.W.	X	
Francis A Olson 1012 8ave N.	X	
Jim Clark 805 50th St SO. Great Falls	X	
Fredrick H Knapp 33 Pishkun Lane Falls.	X	
Lee Engel 1203 1st NW	X	
Bulena Espeland 120 31st NW	X	
Dale O. Hansen 1125 2nd Ave N. KIDMAN	X	
Harold White 1513 2nd Ave N.W.	X	
Henry W Knapp 527 Cent Ave W. ST.	X	
F. H. Tappan P.O. 8783 Gr Falls	X	
Ken Sevalstad 2226 Cent. Ave. W. Gr Falls	X	
Sharon Sevalstad 2224 Cent Ave W. Gr Falls	X	
Bambi Dalke #7 Pishkun Lane Great Falls	X	
Lenny Dalke #7 Pishkun Lane Great Falls	X	
Ray Dalke #7 Pishkun Lane Gr Falls	X	
Arthur Lingen 508173 Cent., MT.	X	

VISITORS' REGISTER

Business

COMMITTEE

85 215

BILL NO 323 326 406 DATE 3/7/89SPONSOR Hims Halligan
Vaughn Yellowtail Gorge

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
BILL CHASE	Billings	406	
Tom Tucker	Billings	406	
Bill Brown	BUTTE	406	
Don Ingels	Mt Chamber of Commerce	SB 215	
Scott Turner	Yellowstone County	406	
Bob Cartwright	Kalispell	406	
STEVE CHRISTIAN	WHITEFISH	406	
RON DE YONG	MT. FARMERS UNION	SB 326	
SAM YEWUSIAK	MISSOULA	406	
Bob Heffner	Helena	SB 215	
Vernon Thibault	Deer Lodge	SB 326	
Jay Belden	Great Falls	SB 406	
Al Bell	Great Falls	SB 406	
DAVE MAHLUM	Missoula, Mt	SB 406	
TED NEUMAN	GREAT FALLS JOCKEY CLUB	SB 406	
Tom Schneider	Clancy, Mt	SB 406	
James M. Bess	DHES	SB 323	
Frank Nelson	Mt. Falls	SB 406	
John Shelhamer	Billings	SB 406	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

COMMITTEE

DATE _____

[illegible]

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.